

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

2002 MAR 14 P 3:27
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF THE ARIZONA ELECTRIC DIVISION
OF CITIZENS COMMUNICATIONS
COMPANY TO CHANGE THE CURRENT
PURCHASED POWER AND FUEL
ADJUSTMENT CLAUSE RATE, TO
ESTABLISH A NEW PURCHASED
POWER AND FUEL ADJUSTMENT
CLAUSE BANK, AND TO REQUEST
APPROVED GUIDELINES FOR THE
RECOVERY OF COSTS INCURRED IN
CONNECTION WITH ENERGY RISK
MANAGEMENT INITIATIVES.

Docket No. E-01032C-00-0751

Arizona Corporation Commission
DOCKETED
MAR 14 2002
DOCKETED BY

NOTICE OF ERRATA FILING

On March 13, 2002 the Residential Utility Consumer Office ("RUCO") filed its surrebuttal testimony of Dr. Richard A. Rosen. RUCO hereby files this errata to Dr. Rosen's surrebuttal testimony. Please substitute the following Question and Answer found on pages 9 and 10 of Dr. Rosen's surrebuttal;

Q. WHAT DIRECT ACTION COULD THE ACC TAKE TO HELP ENSURE THAT WHOLESALE POWER RATES TO CITIZENS WOULD REMAIN REASONABLE, IF IT WERE TO DECIDE TO LIMIT THE PPFAC RECOVERY TO THE RATES OF THE OLD CONTRACT?

A. One of the major problems that all parties in this docket agree on that led to the very high bills from APS to Citizens during May 2000 through May 2001 was that APS did not have enough generating capacity to cover all of its native load plus all of its firm

1 wholesale power commitments, such as its commitment to provide for Citizens' full load.
2 On page 11 and 12 of my direct testimony I suggest that an issue for the Commission to
3 address was APS' prudence in not covering Citizens' load with firm longer-term
4 capacity. More precisely, the issue should focus on Citizens' prudence in entering a
5 contract with for which APS did not have enough generation to meet Citizens' load
6 without having to go to the market.

7 Thus, if the ACC rejects the rates of the new contract, as I recommend, and caps
8 recovery at the rates of the old contract, the ACC should open a power supply planning
9 docket for APS. During that docket the ACC should make sure that APS either plans to
10 build enough operating capacity or buy enough firm power on a least cost basis in order
11 to make sure that all of Citizens' requirements would be covered for the duration of its
12 wholesale power contract with APS. This would greatly help to reduce any future risk
13 that the average cost of power under the old PSA would rise to, or above, the level of
14 the cost of power under the new contract. If the ACC were to ensure that APS had
15 sufficient generating capacity available to cover all its obligations, then APS'
16 interpretation of the language involved in pricing power under the old contract would not
17 make nearly as much difference as it did during the period from May 2000 through May
18 2001.

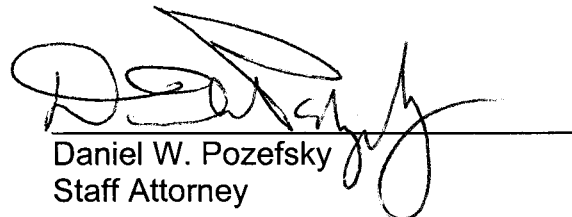
19 with the following question and answer:

20 Q. WHAT DIRECT ACTION COULD THE ACC TAKE TO HELP ENSURE THAT
21 WHOLESALE POWER RATES TO CITIZENS WOULD REMAIN REASONABLE, IF IT
22 WERE TO DECIDE THAT THE OLD CONTRACT SHOULD CONTINUE IN FORCE
23 BECAUSE IT WAS NOT PRUDENT FOR CITIZENS TO SIGN THE NEW CONTRACT?
24

1 A. One of the major problems that all parties in this docket agree on that led to the very
2 high bills from APS to Citizens during May 2000 through May 2001 was that APS did
3 not have enough generating capacity to cover all of its native load plus all of its firm
4 wholesale power commitments, such as its commitment to provide for Citizens' full load.
5 Thus, if the ACC finds that signing the new contract was imprudent, and the old contract
6 remains in force, the ACC should open a power supply planning docket for APS. During
7 that docket the ACC should make sure that APS either plans to build enough operating
8 capacity or buy enough firm power on a least cost basis in order to make sure that all of
9 Citizens' requirements would be covered for the duration of its wholesale power contract
10 with APS. This would greatly help to reduce any future risk that the average cost of
11 power under the old PSA would rise to, or above, the level of the cost of power under
12 the new contract. If the ACC were to ensure that APS had sufficient generating
13 capacity available to cover all its obligations, then APS' interpretation of the language
14 involved in pricing power under the old contract would not make nearly as much
15 difference as it did during the period from May 2000 through May 2001.

16 RESPECTFULLY SUBMITTED this 14th day of March, 2002.

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Daniel W. Pozefsky
Staff Attorney

1 AN ORIGINAL AND TEN COPIES
2 of the foregoing filed this 14th day
3 of March, 2002 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

5 COPIES of the foregoing hand delivered/
6 mailed this 14th day of March, 2002 to:

7 Lyn Farmer
8 Chief Administrative Law Judge
9 Hearing Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

10 Ernest Johnson, Director
11 Utilities Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

13 Walter W. Meek
14 Arizona Utility Investors Association
15 2100 North Central Ave., Suite 210
16 Phoenix, Arizona 85004

16 Holly J. Hawn
17 Deputy County Attorney
18 Santa Cruz County Attorney's Office
19 2150 N. Congress Drive, Suite 201
20 Nogales, Arizona 85621

19 Jose L. Machado
20 City Attorney
21 777 North Grand Ave.
22 Nogales, Arizona 85621

22 By Linda Reeves
23 Linda Reeves

Christopher Kempley, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Michael M. Grant
Todd C. Wiley
Gallagher & Kennedy
2575 East Camelback Road
Phoenix, Arizona 85016-9225

Carl Dabelstein
Citizens Communications Company
2901 North Central Ave.
Suite 1660
Phoenix, Arizona 85012

Raymond S. Heyman
Michael W. Patten
Roshka Heyman & DeWulf, PLC
One Arizona Center
400 East Van Buren St., Suite 800
Phoenix, Arizona 85004

Christine L. Nelson
John White
Mohave County Attorney's Office
P.O. Box 7000
Kingman, Arizona 86402-7000

Marshall and Lucy Magruder
Post Office Box 1267
Tubac, Arizona 85646-1267

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